



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: March 26, 2004
TO: Employee Trust Funds Board
FROM: Marcia Blumer, Program Manager
Employee Reimbursement Account Program
SUBJECT: Compliance Audit of Fringe Benefits Management Company
For Administration of the Employee Reimbursement Account Program

Attached is an audit report prepared by Williams Young, LLC (now Wipfli Young) for the administration of the Employee Reimbursement Account (ERA) program for plan years 2000, 2001 and 2002. In general, the audit report demonstrates that Fringe Benefits Management Company (FBMC) administers the ERA program in compliance with applicable contractual, statutory and regulatory requirements. **No Board action is required.**

The auditors commented on two findings:

- 1) The monthly per participant administration fee is based on system-generated participant counts. The auditors were unable to verify the accuracy of the participant counts because the report cannot be reproduced after the month has passed. FBMC has addressed this concern, beginning in December 2003, by printing and maintaining the report used to calculate the monthly fees. Department of Employee Trust Funds (ETF) staff also regularly review the monthly participation totals to identify any abnormal variations.
- 2) Two claims were identified that were processed outside of the 5-day processing window, but were not reported to ETF as exceptions. Upon further examination, FBMC reported that these two claims had been rejected and resubmitted, but the claims examiner did not update the system to reflect the date that the resubmitted claims were received. In the future FBMC staff will document such exceptions to clearly indicate why the claim was processed outside of the 5-day requirement.

These findings are not deemed to be significant negative findings, nor were there any program administration deficiencies noted. Overall, this audit confirms that FBMC administers the ERA program in compliance with the terms of the contract, and with state and federal regulations.

Reviewed and approved by Tom Korpady,
Administrator, Division of Insurance Services.

Signature _____

Date _____

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